

# Thrivent Small Cap Stock Fund

## Q1 2025 Commentary

TSCSX (Class S) • March 31, 2025

### Management



**Matthew Finn, CFA**  
VP, Head of Equity Funds

Industry: 1985  
Firm: 2004  
Fund: 2013



**James Tinucci, CFA**  
Senior Portfolio Manager

Industry: 2008  
Firm: 2014  
Fund: 2015



**Katelyn Young, CPA**  
Senior Portfolio Manager

Industry: 2010  
Firm: 2022  
Fund: 2023



**Matthew Carlone, CFA**  
Senior Portfolio Manager

Industry: 2012  
Firm: 2023  
Fund: 2025

### Executive Summary

- The Fund underperformed the Russell 2000 Index over the last quarter and the past year mainly due to security selection, somewhat offset by positive sector allocation. The largest detractors to the past quarter were in Consumer Staples and Materials, while the largest detractors to the year were in Consumer Staples and Industrials.
- New positions were initiated in multiple sectors, taking advantage of the volatility in stock prices.
- The focus remains on finding solid companies that are attractively priced with long runways for growth in sales, income, and free cash flow.

### Performance factors

During the past quarter, the Fund underperformed the benchmark mainly due to security selection. Negative security selection was led by the Consumer Staples and Materials sectors, while Industrials was the largest positive contributor. The largest detractor within Consumer Staples was e.l.f. Beauty, Inc., a mass cosmetics company. Continued deceleration of the beauty category growth in addition to a deceleration in e.l.f.'s market share gains led to a reduction in future expectations. Performance in Materials was negatively impacted by Tronox Holdings Plc, a processor of titanium dioxide, where a combination of slower than expected cyclical industry recovery in addition to operational issues continue to weigh on expectations. Within Industrials, WNS Holdings was the largest positive contributor to security selection. WNS offers business process outsourcing and automation services and is benefitting from an increasing demand environment at a time when sentiment for the subsegment is especially poor.

During the quarter we initiated a position in Donnelly Financial Solutions Inc, a software and services company serving the U.S. Securities and Exchange Commission reporting and IPO (initial public offering) regulatory filing markets. With mergers and acquisitions and IPO volumes depressed, the company is currently underearning relative to its long-term trajectory, and our company specific research unveiled a mix shift away from printed solutions towards higher-margin software solutions that should compound earnings over time.

Over the past 12-months, the Portfolio underperformed the benchmark due to negative security selection somewhat offset by positive allocation impact. Negative security selection was led by the Consumer Staples sector driven by e.l.f. due to the issues noted above. Negative selection in Industrials was driven by Janus International Group as low housing turnover keeps self storage activity depressed. Janus is no longer owned in the Fund. The largest positive contributor to security selection was in Consumer Discretionary driven by SharkNinja, Inc, a household appliance manufacturer, as company innovation continues to curate demand in new products.

Sector allocation for the past year was positive in several sectors, with the largest contributor being the underweighting in Healthcare.

### Portfolio outlook

With the current level of business uncertainty and the Federal Funds rate cut during the quarter, it is unclear by how much and how long the economy will be impacted. However, investor sentiment about the economy fluctuates much more rapidly and with greater

amplitude than actual changes in activity. These swings in economic sentiment often result in sharp movements in stock prices, which can present opportunities. As a result, positions were added to or initiated in multiple sectors, while other positions were reduced or sold as investment theses played out or proved no longer valid. Our focus remains on finding solid companies that are attractively priced with long runways ahead of them for growth in sales, income, and free cash flow.

## Performance

For the period ending March 31, 2025 • Periods less than one year are not annualized.

Average annualized returns (%)	3 months	YTD	1 year	3 years	5 years	10 years	Since Inception
Thrivent Small Cap Stock Fund — S share	-10.05	-10.05	-5.66	0.75	17.06	9.70	8.67
- Expense ratio: 0.78%; Incept. date 12/29/1997							
Russell 2000 Index	-9.48	-9.48	-4.01	0.52	13.27	6.30	
S&P SmallCap 600® Index	-8.93	-8.93	-3.38	0.71	15.09	7.52	
Morningstar Small Blend Avg	-8.05	-8.05	-3.54	2.02	15.28	6.64	

**Learn more:** [thriventfunds.com](http://thriventfunds.com) • Advisors: 800-521-5308 | [sales@thriventfunds.com](mailto:sales@thriventfunds.com) • Investors: 800-847-4836 | contact your advisor

**Top 10 Holdings** (excluding derivatives and cash) 16.91% of Fund, as of Feb 28 2025: RLI Corp: 1.96%, Kinsale Capital Grp Inc: 1.79%, TTM Tech, Inc.: 1.77%, Nat'l Storage Affiliates Trst: 1.73%, Badger Infrastruct Sols Ltd: 1.70%, Houlihan Lokey, Inc.: 1.62%, SharkNinja, Inc.: 1.60%, Federal Agricult Mrtg Corp: 1.59%, Penumbra, Inc.: 1.58%, Cogent Comm Holdings: 1.57%

Any indexes shown are unmanaged and do not reflect the typical costs of investing. Investors cannot invest directly in an index.

**Russell 2000® Index** measures the performance of U.S. small capitalization equities.

**S&P SmallCap 600® Index** represents the average performance of a group of 600 small capitalization stocks.

The Morningstar average represents the average total return annualized when greater than one year for all reported funds in the category. Morningstar averages do not include sales charges/fees. If included, returns would have been lower. ©2025 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**Risks:** Smaller, less seasoned companies often have greater price volatility, lower trading volume, and less liquidity than larger, more established companies. The Fund's value is influenced by a number of factors, including the performance of the broader market, and risks specific to the Fund's asset classes and issuers. The Adviser's assessment of investments may prove incorrect, resulting in losses or poor performance. These and other risks are described in the prospectus.

This commentary may refer to specific securities which Thrivent Mutual Funds may own. A complete listing of the holdings for each of the Thrivent Mutual Funds is available on [thriventfunds.com](http://thriventfunds.com).

**All data represents past performance. Past performance does not guarantee future results. The investment return and principal value of the investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than the performance data quoted. Call 800-847-4836 or visit [thriventfunds.com](http://thriventfunds.com) for performance results current to the most recent month-end.**

**Investing involves risks, including the possible loss of principal. The prospectus and summary prospectus contain more complete information on the investment objectives, risks, charges and expenses of the fund, and other information, which investors should read and consider carefully before investing. Prospectuses and summary prospectuses are available at [thriventfunds.com](http://thriventfunds.com) or by calling 800-847-4836.**

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